



Agenda Item 10

**Falkirk Integration Joint Board
Business Case 2020/21**

**Agenda Item
Falkirk Council**

Title: Falkirk Integration Joint Board Business Case
2020/21

Meeting: Falkirk Council

Date: 4 December 2019

Submitted By: Chief Officer, Falkirk Integration Joint Board

1. Purpose of Report

- 1.1. The purpose of this report is to present the business case for the Falkirk Integration Joint Board for 2020/21. The business case is a summary of information from the IJB's Delivery Plan and Medium Term Financial Plan. The IJB's Delivery Plan and the Medium Term Financial Plan will be considered by the IJB on 6 December 2019. The business case may therefore be amended to reflect the outcome of that consideration. The IJB will receive a verbal update on the discussion of the business case by Council. The Health Board will consider an updated business case in January 2020.
- 1.2. This report sets out the key activities which will need to be undertaken by the Partnership in order to achieve the necessary savings identified through the Medium Term Financial Planning work and cope with the projected increase in demand.

2. Recommendation

Falkirk Council is asked to:

- 2.1. consider the information contained within the Business Case and provide feedback to the IJB.

3. Background

- 3.1. The Integration Scheme of the Falkirk IJB sets out how Falkirk Council and NHS Forth Valley will work together to integrate services. The scheme has a Finance section which outlines the mechanism for agreeing the payments from both partners to the IJB. Section 8.3 of the scheme covers the requirement for a business case to be presented by the IJB to the partners as part of the negotiation process.
- 3.2. The business case is based on the information available at the time of writing and can be affected by National Government budget decisions. In previous years the Scottish Government has either put restrictions on Local

Authorities and NHS Board in terms of the reduction they could make to payments passed to the IJB or has provided additional grant funding to the partners at a late stage in the budget settlement negotiations. At this stage it is not known if restrictions will be in place for 2020/21 and beyond, or if any specific funding will be forthcoming. This information will not be known until after the budget settlement which is now likely to be January or February 2020.

- 3.3. The Integrated Resources Advisory Group (IRAG) produced Finance Guidance which set out in more detail the recommended contents of the business case, highlighting that the business case for the IJB should be based on the Strategic Plan.

4. Financial Performance to Date

- 4.1. The latest financial projection for the IJB for 2019/20 is summarised in the table below:

| | £m |
|------------------------------------------------|--------------|
| Budgets delegated to Falkirk Council (non HRA) | 0.684 |
| Budgets delegated to NHS Forth Valley | 1.394 |
| Projected Overspend | 2.078 |
| Budgets Delegated to Falkirk Council (HRA) | - |
| Budgets Delegated to Falkirk Council (Capital) | - |
| Set Aside Budget | 1.461 |
| Total Outturn | 3.539 |

- 4.2. The main areas resulting in the overspend are:

- Community hospitals
- Mental health inpatient services
- Set aside – bank and agency spend
- Primary care
- Prescribing
- External home care
- Non identification and/or delivery of savings

- 4.3. As highlighted in the recent Annual Report by the external auditors, the risk sharing agreement for financial year 2019/20 has not been agreed between the Council and the Health Board. NHS Forth Valley have indicated that they want the IJB to use its reserves to contribute 50% of the NHS overspend (c£1.4m). NHS Forth Valley require a recovery plan to address the overspend and agreement with Falkirk Council on risk sharing before requesting a decision from the IJB.

- 4.4. The projected overspend on external home care has been highlighted during the year as a risk but the latest projections now require a recovery plan to be

developed. This is being worked on with colleagues in the service with the hope that some of the pressures can be mitigated for the year end. Where this is not the case, there is not an agreement in place as to how this gap will be bridged.

5. Falkirk Council Funding Proposal

- 5.1. Falkirk Council are assuming a funding reduction of 1.25% for 2020/21, increasing to 1.5% for 2021/22 onwards. However, there is not a direct link between the settlement for the IJB and the funding assumed for the Council. Estimates of the funding, projected spend and resultant financial gap are shown in the table below:

| | 2020/21 £m | 2021/22 £m | 2022/23 £m | 2023/24 £m |
|--------------------|----------------|----------------|----------------|----------------|
| Funding | 66.931 | 71.947 | 77.254 | 80.101 |
| Projected Spend | (70.022) | (75.038) | (80.346) | (83.193) |
| Funding Gap | (3.091) | (3.091) | (3.091) | (3.091) |

- 5.2. The funding gap in 2020/21 assumes that the 2019/20 financial overspend projected is not a recurring pressure and is addressed in 2019/20 through a recovery plan.

6. NHS Funding Proposal

- 6.1. NHS FV are assuming a baseline uplift of 1.8% for 2020/21, reducing to 1.5% for 2021/22 onwards. This funding assumption has been used to calculate the settlement for the IJB. Estimates of the funding, projected spend and resultant financial gap are shown in the table below:

| | 2020/21 £m | 2021/22 £m | 2022/23 £m | 2023/24 £m |
|--------------------|----------------|----------------|----------------|----------------|
| Funding | 158.705 | 160.311 | 161.941 | 163.596 |
| Projected Spend | (162.638) | (161.757) | (163.495) | (165.265) |
| Funding Gap | (3.933) | (1.446) | (1.554) | (1.669) |

- 6.2. The funding gap in 2020/21 assumes that the 2019/20 financial overspend projected is a recurring pressure. This amounts to £2.855m. Work continues to understand the drivers behind this amount and the extent to which it can be met from recurring means. However, a prudent approach has been taken at this point and the full sum has been included.

7. Operational Performance

7.1. The tables below show performance in a number of areas and demonstrate the challenge facing the IJB and partners

7.2. Table 1 shows Falkirk's performance on delayed discharge bed day rate compared to the rest of Scotland

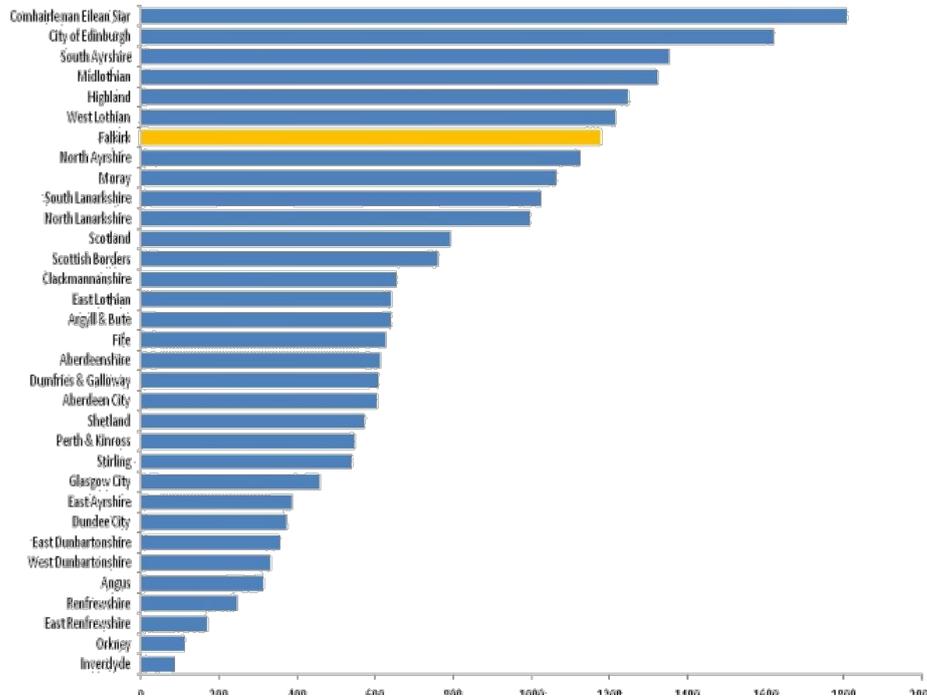


Table 1: Delayed discharge bed day rate per 1,000 population (Age 75+) – 2018/19

7.3. Table 2 shows the rate per 1000 of the population supported in care homes across Scottish Local Authorities. The red line denotes the Scottish average. Falkirk has a rate above the Scottish average.

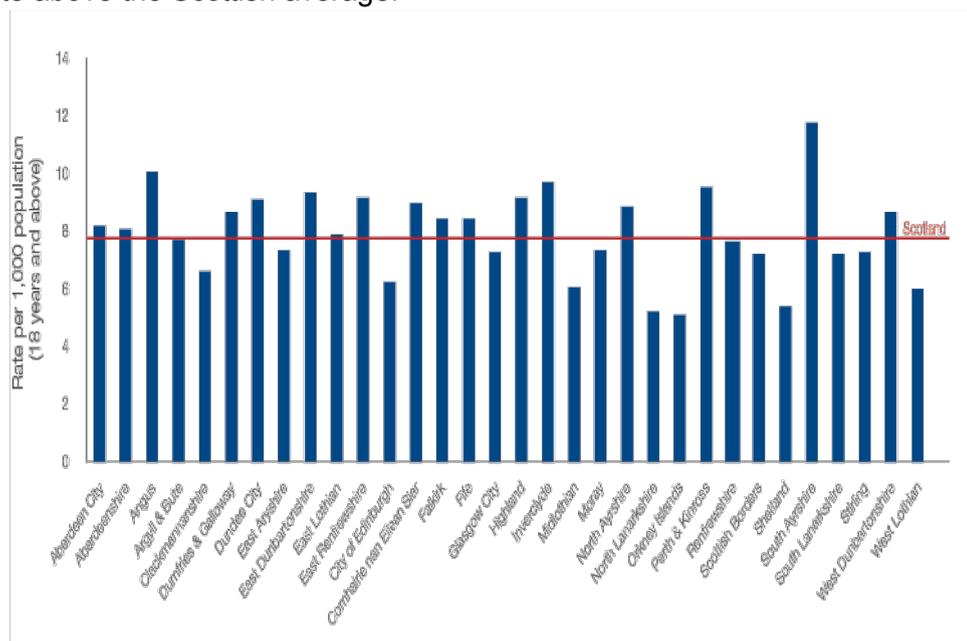


Table 2: People supported in care homes (residents ages 18+) rate per 1,000 population at 31 March 2018

- 7.4. Table 3 shows the care home hours provided per 1000 of the adult population comparing Falkirk with Scotland and the comparative group. Falkirk provides a higher number of care hours to a higher proportion of the adult population than the Scottish average and comparator authorities.
- 7.5. Falkirk needs to review the models of care and support to meet the anticipated rise in demand as a result of the projected increase of the over 75 population.

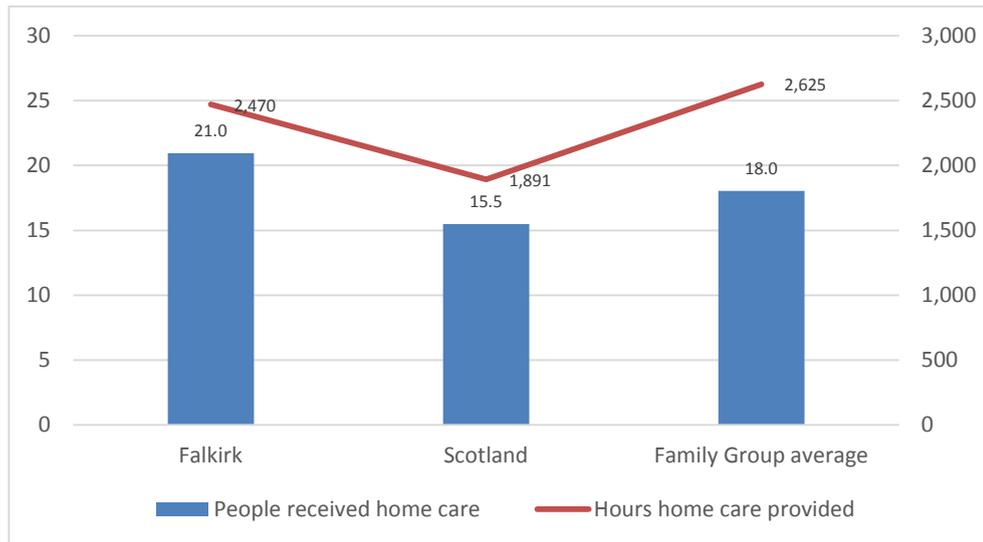


Table 3: People receiving home care & home care hours provided rate per 1,000 adult population, Jan-Mar 2018

8. Development of a Delivery Plan

- 8.1. As set out in the Introduction section of this report, the business case summarises information contained in the IJB's Delivery Plan. This Delivery Plan will go to the IJB in December for approval. The Delivery Plan builds on the activities set out in the Business Case which the IJB approved for 2019/20. However, as the Partnership has developed, this work has been refined and a series of workstreams identified. These are set out in section 9 of this report.
- 8.2. The IJB has previously noted the requirement to adopt a 'Home First' principle across the system as the default response within both acute and community settings. Consistent with the Home First principle is the Promoting Independence approach, involving a number of key interventions:



- 8.3. There is recognition that this whole systems approach means that there are complex interdependencies and that work needs to be scheduled in a logical and incremental way. The Delivery Plan aims to ensure this approach is taken. The interdependencies in the system are set out at Table 4 below.
- 8.4. The workstreams identified in the Delivery Plan have been the result of a series of sessions with Heads of Integration, Locality Managers and Service Managers to ensure a widespread understanding of the priorities of the Partnership and the tasks that will be taken forward.



Table 4

- 8.5. The achievement of high quality service and financial performance will be through the HSCP Strategic Plan and Delivery Plan for 2019-2022. This builds on the principles of integrated health and social care services for Falkirk Communities. The diagram below at table 5 sets out the key steps that are required to facilitate a move from bed based care to more care at home and in the community.
- 8.6. These steps fit into the model of care that the Partnership has been developing with IPC, as previously agreed by the IJB. The focus of the delivery plan has to be transformational with the aims of reducing demand and reducing costs.

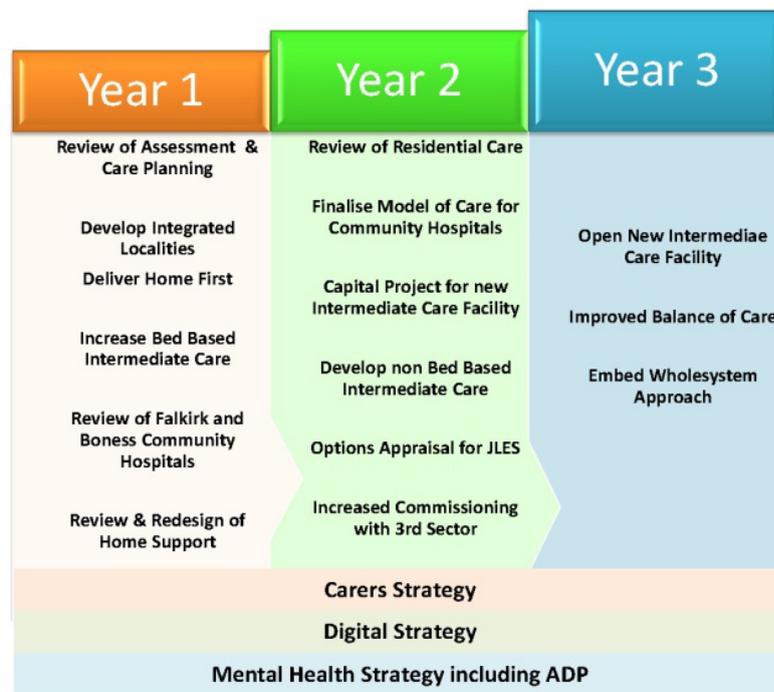


Table 5

9. Service Change and Transformation

9.1. The partnership recognises that timescales for the transformational change set out in the Delivery Plan need to be realistic but understands the challenge of achieving annual financial balance.

9.2. To support the delivery plan we need to adopt a whole system approach to ensure we:

- have the right level of support in the community to enable people to live longer at home
- have pathways of care to support frail elderly people in the community to avoid unnecessary hospital admissions (step up / step down care)
- adopt the 'Home First' approach to support care in the community and prompt discharge from hospital
- review all community bed based care
- review all models of care in community hospitals
- review residential care and admissions to care homes
- improve care pathways for long term conditions

9.3. The following enabling activities are necessary:

- The HSCP must adopt an ethos of Promoting Independence through "Living Well Falkirk"
- Workforce Engagement and Involvement.
- Workforce Development Plan
- Review and Redirection of Partnership Funding
- Collaborative Working with all partners

- Data confidence and HQ support
- Public Engagement.
- Implementation of Carers strategy
- Digital / tec strategy
- Mental Health and Wellbeing strategy

9.4. The HSCP faces a challenge to meet potential increase in demand through more effective use of resources and improving the models of care to improve wellbeing. This requires a focus on individual outcomes, exploring personal strengths and supports to co-design support and promote independence.

10. Achieving Financial Balance

10.1. The Business Case previously presented to Council set out the key actions that are required to deliver financial balance for adult social work:

- Review of assessment & care planning
- Review of care packages
- Redesign of residential care
- Improved efficiency of home care & realignment of the internal and external resource
- Review of day care provision

10.2. The actions listed above remain the most appropriate way to address financial challenges within adult social work. In order to achieve financial balance across the Partnership, work will also need to be undertaken to address pressures in:

- Prescribing
- Complex care
- Acute services (Set Aside)
- Community hospitals

10.3. Colleagues in NHS Forth Valley are currently working on plans for prescribing and Set Aside which will be presented to a future meeting of the IJB. A review of the community hospitals has been agreed but the extent to which that will generate savings in 2020/21 is unclear at this stage. However, improvements in care delivery in the community should reduce any need for contingency beds within the community hospitals which has been one of the reasons for overspend.

10.4. A summary of the saving proposals for the Partnership is included at Appendix 1. This summary focusses on 2020/21. A summary of the overall position is shown below:

| | 2020/21 £m |
|----------------------|---------------|
| Savings Requirement: | |
| Adult Social Work | 3.091 |
| Health | 3.933 |

| | |
|-----------------------------------------|--------------|
| Total Savings Requirement | 7.024 |
| Savings Identified: | - |
| Adult Social Work (see Appendix 1) | 2.200 |
| Health | TBC |
| Total Savings Identified to Date | 2.200 |
| Savings Shortfall: | 2.855 |
| Adult Social Work | 0.891 |
| Health | 3.933 |
| Total Shortfall | 4.824 |

- 10.5. Given the Social Work Adult Services budget in the main contributes toward staffing and service delivery costs for people in need of care and support, further reductions at this time would require us to reduce services over and above those that are expected to reduce as a consequence of a review (i.e. those projected saving outlined in Appendix 1).
- 10.6. Depending on the level of disinvestment we may need to consider targeting our resources toward delivery of our statutory duties only. This would have an impact on our ability to redesign services to ensure earlier intervention and ongoing lower level costs for care, which would help make services more sustainable for the future. For example, addressing socio economic and health inequalities, improves longer term outcomes for people and in turn ensures they live healthier lives with lower reliance on services.
- 10.7. There is on-going work to shift the model of Social Work from the current care management model to a model of strengths based systemic practice; however this change in practice will take some time to bed in. It is anticipated that the combination of this change in practice and development of the locality model will generate some efficiencies going forward. However, this model is also predicated on having a strong base of lower level community assets to build upon.
- 10.8. The Integrated Locality teams will develop local community based supports through working with local groups, carers and third sector to address locally identified need. This will align with the 'Enabling Communities' workstream and as part of Falkirk Community Planning Partnership.
- 10.9. The teams will work in a collaboratively to co-design and co-produce the supports required to create strong sustainable communities.
- 11. Health Improvement / Prevention**
- 11.1. The HSCP will develop a programme of local prevention activity to build on the work of the new public health body to work with communities to address local health inequalities and promote health and wellbeing.

12. Use Of Technology

- 12.1. The HSCP will explore how it can better use digital and technological solutions to provide care ranging from health monitoring, medicine prompts to extending the use of the Living Well Falkirk site and brand to promote wellbeing.

13. Income Generation

- 13.1. The main area of income generation for the Partnership is the provision of chargeable services. For such services, service users are asked to make a contribution towards the cost of their care. Decision making on service user contributions for Adult Social Care remains with Falkirk Council, not the IJB. However, the Partnership can make recommendations to the Council.
- 13.2. Service user contributions are a complex area, subject to varying rules and restrictions. For example, following implementation of the Carers' Act the Council waives contributions for Carers, albeit the service user may have to make a contribution.
- 13.3. The Partnership was planning to undertake a full review of charging for non-residential services during 2020/21. This would focus on two important strands of work:
- A review of the infrastructure required to move to a full financial assessment process, in line with many other local authorities. This would include system changes and potentially additional staffing resource.
 - A review of the charging policy itself, including consideration of disregards for calculating user contributions and income maximisation principles to ensure charging is fair and proportionate.
- 13.4. However, the First Minister has recently announced plans to abolish social care charging for non-residential care, if the SNP are re-elected in 2021. In light of this announcement, there will need to be further consideration on the input of significant resources to this strand of work. I
- 13.5. For 2020/21, an inflationary uplift on non-residential charging has been assumed, resulting in additional income of approximately £0.300m.

14. Capital Planning

- 14.1. Whilst assets and capital investment remains the responsibility of the Partners, the IJB has strategic planning responsibilities which impact on how, and from what buildings, services are delivered. There must therefore be a close working relationship to ensure the Partnership can make the best use of the assets it has available and be fully involved in all investment discussions. It is clear that within the public sector there are opportunities for co-location which will enable and facilitate closer partnership working, as well

as potentially save money.

14.2. The IJB has previously requested the development of a capital strategy and this work has not progressed yet. However, there are a number of significant projects which will be taken forward over the life of the Delivery Plan and Strategic Plan which may impact on capital investment, namely:

- Design of the intermediate care facility
- Review of the community hospitals
- GP premises review
- Co-location of integrated services
- Day services review
- Joint loan equipment store review

14.3. The current approved capital investment programme for Adult Social Work for 2020/21 is set out below.

| | £m |
|-----------------------------------------------------|-------|
| MECS | 0.246 |
| Independence Centers and Changing Places Facilities | 0.250 |

14.4. Falkirk Council will approve an updated capital programme in 2020. A bid has been submitted for £0.200m for upgrades to Adult Social Work properties.

14.5. The Falkirk Council capital programme has previously included budget for two key projects –Day Centre Review - c£1.1m and Intermediate Care Facility c£3.7m. To date Falkirk Council has continued to protect these budgets for spend in Adult Social Work.

14.6. Investment in NHS facilities is managed in a very different way and is subject to Scottish Government approval. The work to review the community hospitals may impact on the NHS capital programme.

15. CONCLUSIONS

15.1. The aim of this business case is to set out the proposals for savings delivery in 2020/21, in the context of the 3 year Strategic Plan and Deliver Plan. The business case sets out the challenges facing the Partnership both in terms of finances and the level of change and transformation taking place.

15.2. Savings options have been presented for Adult Social Work only at this stage. These savings options reflect the aspirations of the Partnership and link back to the outcomes in the Strategic Plan.

15.3. This business plan the assumptions in the business plan have been developed and agreed with Partners but are subject to ongoing review and refinement.

Resource Implications

The resource implications are considered in the body of the report.

Impact on IJB Outcomes and Priorities

The report sets out the savings which can be achieved whilst the Partnership works to deliver the outcomes and priorities of the Strategic Plan.

Legal & Risk Implications

Previous reports to the IJB have set out risk in delivering the programme of transformation, including the capacity of the management team to deliver operational services, delivery efficiencies and implement significant service changes. The recent agreement of Leadership Funding to appoint critical support roles should mitigate the risks.

The challenge of delivering the transformation programme at a time of rising demographics and associated demand, as well as financial constraints should not be underestimated. Failure to implement the Delivery Plan could result in poor performance and increasing financial pressures.

Consultation

Requirements for consultation on the proposed savings programme will require to be considered.

Equalities Assessment

An equalities assessment will require to be prepared for each of the savings proposals. However, an initial consideration has noted the savings impact as “low”, as all services provision is ultimately based on an assessment of an individual’s need.

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Date: 26 November 2019

Appendices:**List of Background Papers:**

None

APPENDIX 1: Partnership Savings Proposals

| Ref | Saving Description | Savings Amount £m | Risk | Equality & Poverty Impact Assessment | Notes |
|-----|-------------------------------------------------------------------------------------------------|----------------------|-------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Review of existing care packages: Younger Adults | 0.500 | Amber | Low | |
| | Review of existing care packages: Low Level Supports for Older Adults | 0.250 | Amber | Low | |
| | Review of external home care packages | 0.200 | Amber | Low | |
| | Review of residential provision; links to Thornton Gardens | 0.300 | Amber | Low | |
| | Shifting the balance of bed based care within Adult Social Work (residential care budget) | 0.500 | Amber | Low | |
| | Day Care Review – Older Adults | 0.150 | Amber | Low | |
| | Home Care Review | - | Amber | Low | No saving has been included in this work as any improvements in efficiency will, at this stage, be reinvested in improvements to services delivered in the community. |
| | Inflationary Uplift to Charging | 0.300 | Green | Low | |
| | TOTAL | 2.200 | | | |